

Overcharges for Eagles investigated

By Roger Boye

A congressional subcommittee has launched an investigation into alleged price gouging in the American Eagle coin program.

"Many Americans who bought [uncirculated] Eagles have been overcharged," said Curtis A. Prins, staff director of the House Subcommittee on Consumer Affairs and Coinage. "The problem is the U.S. Mint's coin distribution process; it's completely wrong."

Prins criticized Mint Director Donna Pope's decision to sell the coins to a small number of "primary distributors"—or wholesalers—rather than to the public. The distributors in turn send the Eagles to coin dealers and banks for eventual sale to individuals at whatever price the market will bear.

Pope and her assistants have said the distribution system assures quick sales and establishes an on-going two-way market for the coins.

Also, the mint is not equipped to take daily orders from individual buyers because the bullion coins must be priced based on the value of gold or silver at the time of sale.

But Prins contends the distribution system has led to price gouging when primary distributors resell the coins to dealers.

In particular, higher-than-expected retail prices were evident last fall when demand for Eagles far outstripped supply [gold-coin sales began in October and silver-coin sales in November].

"The program has been successful so far, but overcharging has left a bitter taste that eventually will hurt sales," Prins said on Feb. 3. "Distributors have generated excess profits [for themselves] through their exclusive government contracts."

Rep. Frank Annunzio [D-Ill.], committee chairman, has asked each of the 25 gold-Eagle distributors to report their revenues and expenses in handling the coins.

Also, the subcommittee plans to conduct public hearings on the coin program and the mint's distribution system, possibly in early March, Prins said.